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GOVERNOR

STATE OF MICHIGAN
OFFICE OF FINANCIAL AND INSURANCE REGULATION
DEPARTMENT OF ENERGY, LABOR & ECONOMIC GROWTH
STANLEY "SKIP" PRUSS, DIRECTOR

KEN ROSS
COMMISSIONER

BILL ANALYSIS

BILL NUMBER: House Bill 5150 (as introduced)
TOPIC: Individuals Bringing Actions for Unfair Trade Practices
SPONSOR: Representative Segal
CO-SPONSORS: Reps. Haase, Liss, Huckleberry, Roberts, Haugh, Barnett, Slavens, Nathan and Brown
COMMITTEE: Insurance
DATE: July 9, 2009

POSITION

The Office of Financial and Insurance Regulation (OFIR) supports this legislation with amendment.

PROBLEM/BACKGROUND

It is not always clear to the public consumer what rights of action they may take against an insurance carrier or a producer. House Bill 5150 makes it clear that the consumer has a private right of action under the Uniform Trade Practices Act.

DESCRIPTION OF BILL

House Bill 5150 adds section 2027A to the Insurance Code providing an individual with the right to bring action against a person engaged in the business of insurance in Michigan. The legislation provides for an individual cause of action if there have been damages sustained by the individual as a result of an unfair method of competition, an unfair or deceptive act or practice, or any other conduct prohibited by sections 2001 to 2050.

SUMMARY OF ARGUMENTS

Pro

OFIR supports legislation that clarifies the rights of an individual harmed by an insurer or producer for violations of uniform trade practices in the business of insurance.

Con

The language in the bill provides for an individual cause of action if there have been damages sustained by the individual as a result of an unfair method of competition, an unfair or deceptive act or practice, or any other conduct prohibited by Sections 2001 to 2050. Because the section applies to all unfair trade practices in chapter 20 of the Insurance Code, OFIR believes the language in the bill should be placed in Section 2003, to minimize any misconception that an individual cause of action is only applicable to section 2027.

FISCAL/ECONOMIC IMACT

OFIR has identified the following revenue or budgetary implications in this bill:

- (a) To the Office of Financial and Insurance Regulation: None

Budgetary:
Revenue:
Comments:

- (b) To the Department of Energy, Labor, and Economic Growth: None

Budgetary:
Revenue:
Comments:

- (c) To the State of Michigan: None

Budgetary:
Revenue:
Comments:

OTHER STATE DEPARTMENTS

None

ANY OTHER PERTINENT INFORMATION

None

ADMINISTRATIVE RULES IMPACT

OFIR has general rulemaking authority under the Insurance Code of 1956, 1956 PA 218 and the Nonprofit Health Care Corporation Reform Act, 1980 PA 350.

A handwritten signature in black ink, appearing to be 'KR' with a long horizontal stroke extending to the right.

Ken Ross
Commissioner

7-10-09

Date

